Chapter 7
The Frugal Government Concept Revisited

Francesco Molinari

Abstract Revisiting the frugal government concept is the aim of this chapter, which first provides a working definition and then discusses the renewed importance of it for a government modernization agenda. Frugal basically means parsimonious (rather than simply efficient or effective) in the use of resources, inclusive and participatory with both civil society and individual citizens, and open to public service restructuring with and by the active contribution of beneficiary people and communities. The concept is further analyzed in its implications for service renewal in relation with the dynamics of personal engagement, collective learning, and behavioral change.

Keywords Public management • Inclusive government • Service cocreation

7.1 Motivation

> A wise and frugal Government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities. (Jefferson 1801)

This quote from Thomas Jefferson's inaugural address as third president of the United States, delivered at the Capitol Building, in Washington, DC, on Wednesday, March 4, 1801, is deemed to be the first (and is certainly the most popular) summary of what frugality in government should mean, a principle, or rather a set of *essential principles*, which ought to shape any public administration, as proposed by Jefferson, who felt the need to share this commitment with his fellow citizens, being about to enter *on the exercise of duties which comprehend everything dear and valuable to you*.

Since then, the ideal type of frugality has rarely been used in combination with a shared (or majoritarian) concept of government performance, either in theoretical or pragmatic reflections. About two centuries later, pushed by the "'New Public

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Management" (NPM) doctrinal revolution of the 1980s, frugality reappeared in a list of seven key dimensions of government transformation, listed in two seminal papers by Christopher Hood (1991, 1995), implicitly suggesting that stasis had been the rule thus far. In that context, a more parsimonious use of public resources (or in Jefferson's words, "more bread left in the mouth of labor") was seen as part of a maturing process toward budget discipline, enabling to deliver services that were stable in terms of volume and, therefore, not impacting on user appreciation and satisfaction.

In such a vision, then, frugality could somehow be considered as synonymous of process efficiency or the capacity of the public administration's "factory" to produce a stable level and quality of services (namely, its industrial outputs) with a reduced or diminishing amount of resources. Associating service delivery to public action may seem fairly obvious today, particularly as far as the local government is concerned, but the emphasis on cost-effective fulfillment of goals was quite novel at the time and a distinctive feature of NPM compared with its historical predecessor, the bureaucratic practice, and functional theory of administration (see Dunleavy and Hood 1994).

Twenty more years have passed – after the size and composition of public finance were heavily hit by the financial crisis, with very few exceptions worldwide – efficiency-focused government transformation efforts have been reconsidered against the very real necessity of downsizing public administration to avoid the risk of closing it altogether. In this new scenario, we posit that a renovated attention to frugality may be an interesting alternative – for various reasons, which will be explained later in this chapter – to the sheer reduction in the number and/or adjustment in the quality of those public services that are no longer sustainable with their former, old-style production and delivery process. Like in Jefferson's talk, a new perimeter of public action could be designed, which leaves men and women "free to regulate," not only their respective "pursuits of industry and improvement" but also the extent of their own engagement in individual and joint endeavors, ultimately aiming to innovate public service in response to precise citizen needs.

Interestingly enough, this new push toward frugality in government (and more generally speaking, product/service engineering, in the private sector as well) comes from developing countries. India's Tata Nano, known as the cheapest car in the world, for sale at the price of a motorbike (about $2,500), resulted from numerous radical innovations in design, engineering, and manufacturing, guided by three key requirements: value for money, compliance with regulations, and acceptable performance standards (Tata Motors 2015). GE's hand-carried healthcare ultrasound system, Logiq Book, developed for use in China's rural areas, has significantly fewer features than traditional ultrasound devices. However, it costs almost 80 % less than competitor products and is much smaller and lighter, and its portability means that rural patients do not have to travel to faraway cities to receive diagnosis and treatment (Immelt et al. 2009). In Kenya, a joint venture of Vodafone UK and Kenyan Safaricom invented a mobile microfinance service called M-Pesa for people who do not have a mobile bank account. The service uses existing mobile

phone technology (SMS) and infrastructure, allowing registered users to load money on their device, which can then be sent via SMS. The recipient of the text message can pick up the cash at his/her nearest vendor. Over 50 % of the adult population in Kenya use the service to send Pesa (standing for money in Swahili) to far-flung relatives and to pay for shopping and utility bills (Graham 2010).

While the former examples of (radical as well as) frugal innovation come from a top-down initiative of private enterprises, the UK Serco Institute's study on over 40 social businesses from India allowed to conclude that *citizens do not care who delivers the service, the government or for-profit or not-for-profit organizations, so long as it meets their requirements in terms of outcomes and quality* (Singh et al. 2012). There is therefore plenty of room for public service redesign and reengineering to capture a higher number of beneficiaries with new or improved solutions, which seriously meet user needs and requirements while cutting down service delivery costs considerably. In India, where citizens rarely receive public services free of charge and many have to survive without even an equitable access to them, the impetus for local people to embrace frugal innovation came from this sense of (and actual) exclusion. In the Western world, where the delivery of high-quality and universal services is a long-standing tradition, which has only just become unaffordable, the new challenge is how to exploit innovation from the bottom-up to continue ensuring everybody has the right to access services in a fair, transparent, and uniform way.

The structure of this chapter is as follows. The next section provides a working definition of frugal government, aligned with the ideas presented above. The definition is then further analyzed with its implications for the logic model of government, which is the topic of the third section. A discussion follows on the rationale and implications of restructuring public service delivery according to frugal principles. In particular, the connections between participation, learning, and behavioral change are presented. Finally, a discussion on "true participation" as a recurrent game is presented. Some conclusions are drawn in the last section of the chapter.

7.2 What We Mean by Frugal Government

First and foremost, it is necessary to emphasize a slight misunderstanding that has occurred among both researchers and practitioners regarding the use of three words in relation to government: lean, efficient, and frugal.

Usually "lean government" is used to refer to the application of "lean production" principles and methods to the delivery of public services. The original lean production expression was coined by a former quality engineer at the Toyota-GM joint venture NUMMI in California, in a 1988 article based on his master's thesis at the MIT Sloan School of Management (Krafcik 1988). It may actually refer to two distinct approaches to quality enhancement in manufacturing, one focused on the elimination of waste, the other on improving the "smoothness" of adopted

workflow(s). Likewise, lean government approaches point to identifying, and then removing, the administrative bottlenecks and useless superstructures that do not add value for the citizens, but simply keep the organizational teams engaged in noncore activities and negatively affect the perceived quality, speed, and transparency of public action. At face value, it may seem that lean government practices are great contributors to frugality. In fact, international evidence displays the following paradox: the countries where the majority of public opinion perceives a better quality of government are also those providing stronger support to increasing public expenditure and therefore taxation (Svallfors 2013).

With regard to efficient government, beyond its formal definition (once again borrowed from the manufacturing practice and presented in the previous section of this chapter), it can be added here that three distinct measures of efficiency have been introduced, historically, with the aim of documenting government performance in a (kind of) objective way:

- The ratio of public expenditure over GDP, considered as a sort of opportunity cost, against the alternative hypothesis of letting the market, or civil society, be self-organized in fulfilling the goals of public action without recurring to distortive taxation
- The same ratio, but over the number of served beneficiaries, which can be seen as a more refined metric of spending efficiency within a certain service or function, for instance, in the domain of healthcare or education
- A combination of efficiency and effectiveness indicators, such as the ones presented in a study for the European Central Bank by Afonso et al. (2003) and in another, quite similar, study conducted for the Inter-American Development Bank by Afonso et al. (2013)

Overall, international evidence is quite consistent in showing that no particular progress has been achieved under any of the above measures of efficiency by governments around the world. In fact, public expenditure has been steadily growing as a GDP ratio across the years, and, with very few praiseworthy exceptions, the cost per served beneficiary has also been growing over time in all the major functions of public administration. Therefore, it is possible to conclude that no contribution to frugality has been coming from the strive toward efficiency in government, if ever it materialized in real practice.

A qualification to this conclusion is provided by the third measurement stream mentioned above, which univocally points to the size of government as inversely correlated with its efficiency. More specifically, it has been found that the group of countries with public spending below 40 % of GDP reported better public sector performance than the one above 50 %, while the medium-sized national governments (spending between 40 % and 50 % of GDP) stayed in between. In other words, this quantitative benchmarking exercise seems to indicate that the capacity of being efficient in a government is positively correlated with its attitude to being frugal – i.e., parsimonious in global expenditure. This can be graphically represented as in Fig. 7.1.

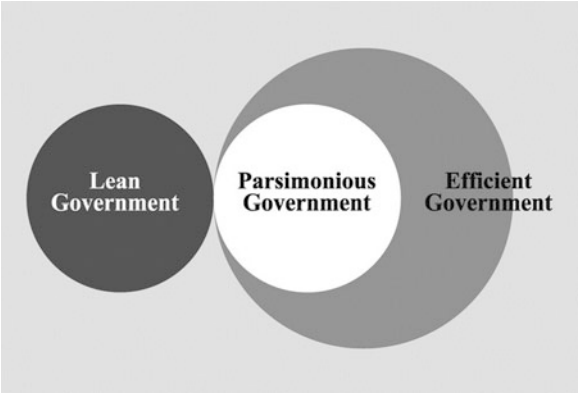

Fig. 7.1 Lean, efficient, and parsimonious government concepts

Putting together all the aspects above, we would like to propose the following definition: wise and frugal is a government that at the same time:

- Is parsimonious in the use of resources, not only financial – if and when they exist – but also including the creativity, imagination, and collaboration of people, from both inside and outside the public sector
- Aims to minimize the cost and maximize the benefit of public service delivery per user – therefore, it adopts a value-centered perspective, where value is defined in differential terms between benefit and cost, and these are both expressed in nonmonetary (subjective) and monetary (objective) terms
- Adopts the diligence of a good family man in finding, measuring, and distributing available (scarce) resources in the direction of societal transformation – including to empower, rather than prevent, the activism and behavioral change of all the members of its own, extended "governance system," i.e., citizens, businesses, third sector operators, academics, media, and other stakeholders (Fig. 7.2)

Appropriate examples, such as the ones listed below, can be used to clarify the above statements:

- A more parsimonious use of human resources avoids the risk of "consultant lock-in": whenever a public agency commits to some external expertise to perform certain tasks, it should set making its internal staff increasingly autonomous (both conceptually and operationally) as an additional goal. This has little to do with efficiency in spending, unless it is seen as a way to reduce the recourse to such external expertise across time.
- Public value is normally used as an abstraction (and sometimes as a proxy) of government performance. However, this is not a monolithic concept, but a multifaceted one – considering both the variety of nuances associated with its significance (from wealth to health, from public safety to quality of life, from social justice to equal opportunities) and the variety of its meanings as expressed by the different stakeholders materially affected by public action (Harrison et al. 2011).

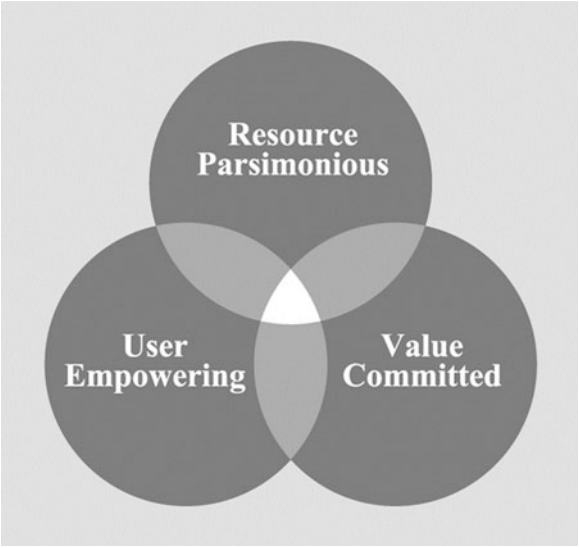

Fig. 7.2 Our definition of "wise and frugal" government

- The concept of public value is also dynamically changing, on both sides of the government-citizen relationship. On the one side, population dynamics and demographic trends have created new dilemmas and potential tensions between the interests of younger and older generations, for instance, within the pension and healthcare systems of many Western countries. On the other side, as shown by the study of Singh et al. (2012) quoted in the introduction, in emerging countries like India, over the past 60 years, social enterprises have stepped in to address the challenges that the government was not dealing with. This has promoted and supported radical perspectives pushing for a limited intervention or involvement of the state in public affairs.
- To be user empowering does not necessarily mean, however, that frugal governments should abstain from directly contributing to the organization of service production. In fact, what changes here is basically the role played by leadership, switching from bridging social capital in the community to creating tighter relationships between stakeholders via a more direct engagement in doing things (Beer and Clower 2014).
- As Szkuta et al. (2012) put it, collaborative production of public services with and by the users allows perceived quality to rise with the number of people involved in it, rather than not varying (as occurs with electronic services) or diminishing (with traditional ones). This is a fundamental add-on to the value proposition of any such service, which does not depend on the government's organizational capacity, but only on the extent of involvement of the private sector.
- A more inclusive, dialogic, and collaborative approach with the end users of a certain service also generates new ideas, concepts, and recommendations that help improve perceived quality while keeping cost and other industrial parameters under control. According to the theories of crowdsourcing (Fleming

2004; Surowiecki 2004), diversity of opinions, independence of judgments, use of local knowledge, and fair aggregation of preferences are the indispensable ingredients to achieve user-driven innovation.

7.3 The Logic Model of Frugal Government

From the way we have presented it, our definition of frugal (and wise) government is inextricably related to societal transformation. This marks a clear distinction with other, merely incremental, theories of public sector innovation, such as the Transformational Government Framework (TGF), which promotes IT adoption to improve the delivery of public services (CS Transform 2010). Additionally, it challenges the policy maker on how to create the best recipe with the available ingredients.

While some early examples of managerial "cookbooks" have started to appear (see Molinari et al. 2013; Marsh et al. 2014; Eskelinen et al. 2015), none of them explicitly links their recipes and recommendations to the implementation of the frugal government concept.

To make a step forward in this direction, we propose adopting the program logic model introduced by the WK Kellogg Foundation (1998, 2004) in support to its evaluation exercises (see Fig. 7.3). The five building blocks of the program logic's visual representation are quite familiar to policy makers, namely, consisting of:

- *Resources or inputs*: such as money, staff, and equipment, which are required to operate a program
- *Activities*: the program implementation work made possible by an appropriate use of the resources

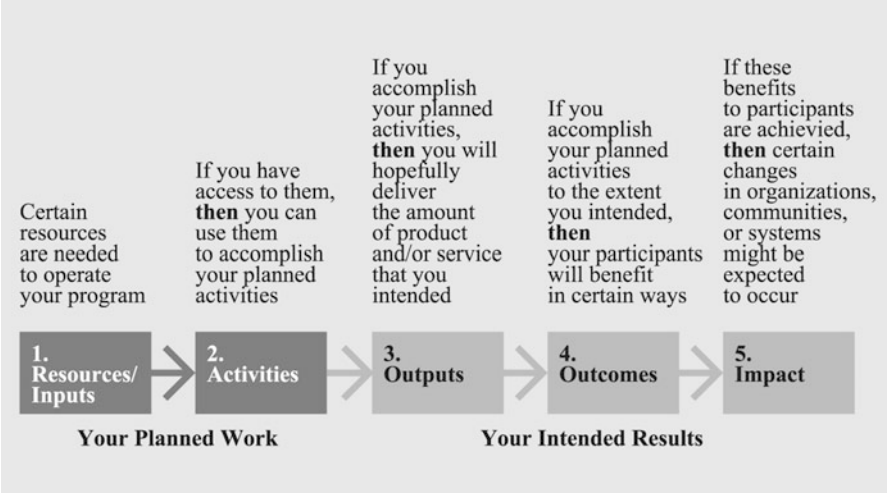

Fig. 7.3 The program logic model by the Kellogg Foundation

- *Outputs*: the "industrial" results delivered by the program at its end, in terms of, e.g., products and/or services
- *Outcomes*: the benefits brought in by the outputs to, e.g., the participants in the program or served beneficiaries
- *Impact*: the expected/achieved degree of change in the targeted individuals, organizations, communities, or systems

Ideally, for each stage of this stepwise conceptual workflow, a number of key performance indicators can be gathered, and related analyses/implications/lessons can be drawn, such as:

- Relevant measures for the use of human, financial, and organizational resources at stage 1
- Activity-level indicators for each planned task to be carried forward during stage 2
- Quantitative delivery metrics for each product/service of interest at stage 3 of the logic model
- Satisfaction indexes and other quality assessment parameters/exercises at stage 4
- Impact and change proxies (due to lack of actual observations, concurred driving factors, time lags, and fuzzy propagation pathways) at stage 5

For the purposes of this chapter, we will now use the above representation to outline the main differences between the traditional and the emerging, frugal, "government's business" logic, as shown in Fig. 7.4.

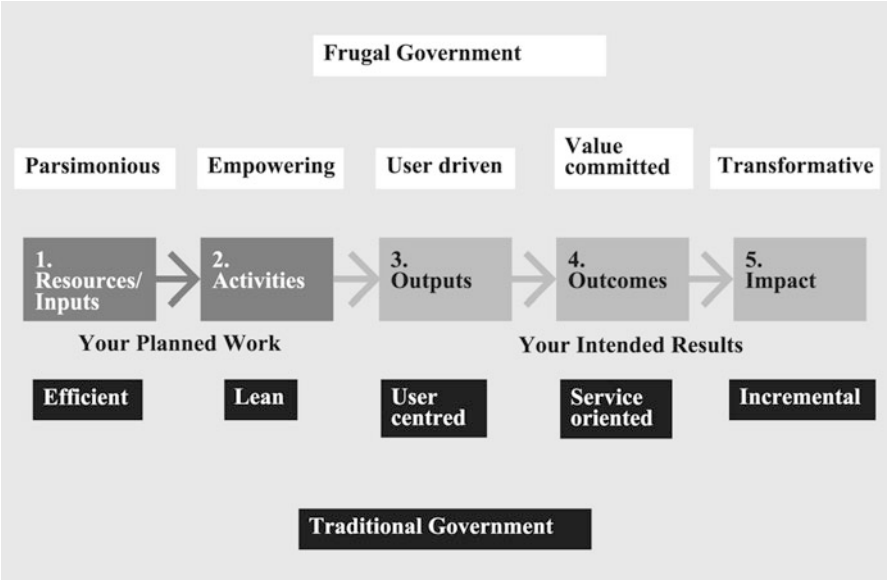

Fig. 7.4 The logic model of traditional and frugal government

More specifically, we note that:

- At stage 1, the distinction between efficiency and parsimony has been already introduced and commented above. Not all governments that can be said to be efficient are also parsimonious, while the opposite is probably true. This is to be reflected in the overall setup and organization of public administration and/or service delivery activities, as implied below.
- Likewise, striving toward more inclusion and participation of citizens and stakeholders, on top of the quality enhancement of public action, which characterizes stage 2, has already been discussed. Other things being equal, perceived service quality by its beneficiaries is higher if/when there is room for codesign or co-delivery, compared with any other possible attitude to lean production. However, the essence of this new managerial concept is that users or beneficiaries of public services should not only be included in the process but also empowered to it (Denhardt and Denhardt 2000), which will lead to the positive outputs described below.
- At stage 3, the step leading from conventional modernization programs to frugality in government can be better appreciated if one looks at the familiar distinction between user-centered and user-driven innovations, which lies at the core of interaction design (Cooper 2004) and has been pushed to the limit by the living lab approach (Pallot et al. 2010; Dell'Era and Landoni 2014). In the area of public service – as of software development – the point is not to generate outputs that conform to an idealistic (or idealized) vision of the customer, but to elicit his/her direct engagement in the design and delivery process, on a peer basis with the service provider, which will add an original touch to the obtained results.
- In stage 4, the benefits brought to participants in service cocreation (a term covering both codesign and co-delivery) have been shown to extend far beyond the quality enhancement or improvement/innovation of a single public service instance. In particular, peer collaboration between public and private actors, the latter also including individual citizens, leads to enhanced societal value (Hui and Hayllar 2010), by leveraging on a number of concurrent factors, such as cultural convergence between involved parties, better process knowledge and "ownership" among service beneficiaries, and an increased sense of belonging or identification.
- At the final stage 5, the logic model of frugal government displays its very essence, which is to be deeply transformative rather than marginally incremental with respect to the status quo ante. The reason is straightforward. What is ultimately aimed at (or required) is the capacity to "do more with less" and "no more of the same" (Accenture 2008) under the double pressure of decreasing financial resources and the growing complexity of the socioeconomic and environmental problems at hand.

The vision of collaborative public sector innovation has been around for quite a while now (see Agranoff and McGuire 2004; Bommert 2010). However, it is only with the coming of information and communication technologies (ICTs) that

governments around the world have been able to carry out both top-down and bottom-up experiments aiming at a much more extended user integration than conventional "off-line" approaches. In doing so, collaboration with beneficiaries has started to be perceived as potentially far more effective in transforming the public sector's "old-style business."

For instance, the European Commission's eGovernment Action Plan 2011–2015 (European Commission 2010) brought about the concept of open, flexible, and collaborative service delivery, putting emphasis on a number of good practice examples and viable approaches, including across the borders, which the EU member states could take inspiration from (European Commission 2010). In June 2013, the public service unit of DG CNECT drafted a vision document with the aim of further highlighting the way ICT can help European governments to empower ordinary citizens and entrepreneurs, in making their voices be heard and allowing them to share some of the conventional public sector tasks, regardless of distance and at any moment in time (European Commission 2013).

Public/private collaboration in the design, production, and validation of public services is only one aspect of the proposed open government paradigm (see Fig. 7.5), the others being transparency and participation in collective decision-making processes. The same three principles lie at the heart of the Obama Administration's Open Government Directive (Orszag 2009).

Were it not for the digitalization aspect, the essential contribution of end users to the productivity, efficiency, and operational quality of service-providing organizations would be a known fact in the marketing and management literature over the past 50 years or so (Fuchs 1968). For instance, the diagram in Fig. 7.6 (borrowed from Büttgen and Ates 2009) maps a huge number of conventional, i.e.,

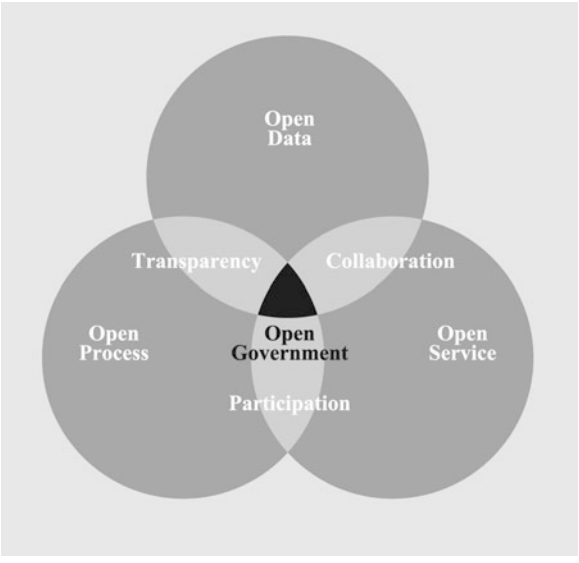

Fig. 7.5 The open government paradigm

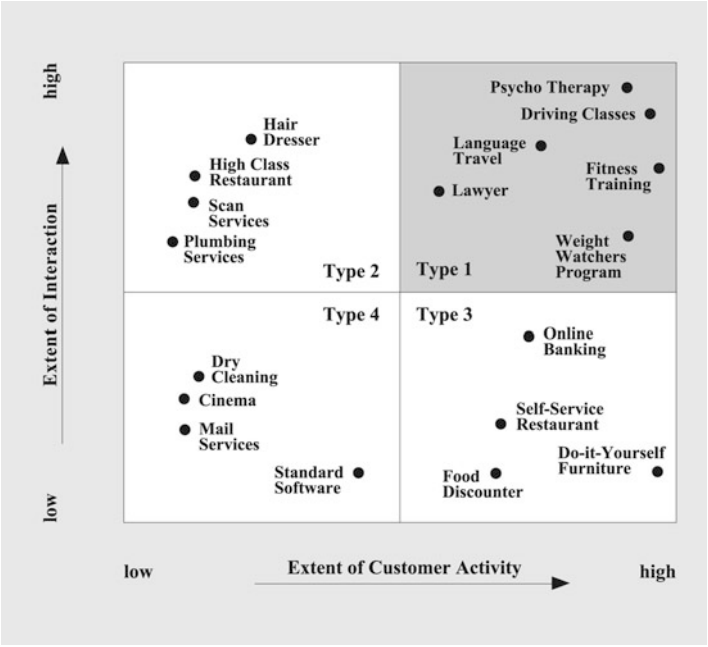

Fig. 7.6 Taxonomy of services according to customer participation

nonelectronic, services in relation to the extent of customer activity during delivery and to the degree of one-to-one, personal interaction between user and provider. In the top right quadrant, several "type 1" services are mentioned, in which the client or customer contributes significantly to the production and delivery process and its outcomes.

However, from this relatively simple picture, many interesting variants are left out, including the impact of:

- Multiple users and/or service providers, rather than a single one, involved in the interaction at production and delivery level.
- Individual end users or communities playing the role of service providers themselves. This is often referred to as the "prosumer" (producer + consumer) case.
- A more refined distinction between services that are natively interactive, or collaborative, and those that become so after a dedicated reengineering effort by the provider.
- A deeper consideration of the rationale, or motivation, for a government agency to integrate users in the service delivery process.
- An analysis of the contextual conditions making it more likely, or viable, for a public service provider to become frugal – and wise – over time.

These aspects are dealt with globally in the following section.

7.4 The Frugal Government in Action

Briefly stated, integrating citizens/customers in the joint delivery of services between the public and the private sector is the main innovation of the frugal government concept. This generates at least three positive effects:

1. New, more parsimonious approaches to service delivery, exerting lower pressure on public finance and therefore avoiding the risks of reduction in scope, if not complete dismissal, of the service because of budget crises
2. Increased level of engagement, and therefore satisfaction, among the citizens (individuals and/or groups) collaborating with the service production and delivery process
3. The establishment of a new wave of cocreated and codeveloped services, which fulfill existing or new requirements emerging from the citizens, in a smarter and more inclusive way. Following a recent literature stream, we call these "Human Smart" government services (Concilio et al. 2015).

While the first two goals could also be grasped with alternative public management strategies (outsourcing and privatization in one case, subsidiarity and lean government in the other), only the third one is really connatural to the public/private/people partnerships that characterize frugal government, and it therefore requires extra motivation and justification.

The rationale of implementing a human perspective to public service development lies primarily in the growingly "wicked" nature of the societal problems that these services are supposed to tackle. The use of this term started at the end of the 1960s in the context of social policy and design science (Churchman 1967; Rittel and Webber 1973). It means "resilient to resolution" – in contrast to "tame," easy-to-solve problems – rather than "evil" or "dreadful" as the word suggests.

Wicked problems cannot be tackled by a purely scientific-rational approach (which would define, analyze, and solve them in sequential steps) for three major reasons:

- It is impossible to start with a clear and univocal problem definition, which depends on the solution framework and the different perspectives of the involved stakeholders.
- The constraints the problem is subject to and the resources needed to solve it change over time.
- There is no "right" or "optimal" solution, which actually depends on the proposed problem framework, and the problem can never be definitively solved.

Classic examples of wicked problems include economic, environmental, and political issues. A problem whose solution requires a great number of people to change their mind-sets and behaviors is likely to be a wicked problem (Allan 2011). Indeed, many wicked problems local governments worldwide are facing come from areas of interest (and often legal competence) such as waste recycling, water and energy saving, collective mobility, public safety, health, and social care.

The ideal type of services required to tackle these complex problems conforms to (at least) three main characteristics:

1. They generate some degree of behavioral change in the people involved in them.
2. They activate mass multiplication or viral diffusion effects, meaning that their outcome is more than simply the sum of individual behavioral changes.
3. They are sustainable – not only financially, which would also be good per se, but also from the societal and institutional points of view.

Not surprisingly, most of these application domains overlap with the fields of intervention for Smart City governments (Neirotti et al. 2014). This seems to imply that by making wide recourse to the technical "smartness" of sensors, meters, and ICT infrastructure, it would become easier to cope with those wicked problems in a satisfactory manner. By contrast, the (self-defined) Human Smart City approach recommends balancing technology injections and deployments with "softer" features such as social dialogue, collective vision building, people empowerment, and government-to-citizen interaction in physical (as well as virtual) community settings. The landing point will then be the design, development, and validation of new urban services through the application of user-driven and participatory methods.

The EU-funded project PERIPHÈRIA (www.peripheria.eu) carried out several experimentations focused on the creation of these Human Smart City services, with the participation of several stakeholders, including policy makers, city officials, technology providers, and citizens, each with different roles and capabilities. The key lessons learned from the project pilots (localized in six European cities, Athens, Bremen, Genoa, Malmoe, Milan, and Palmela) include the identification of four main drivers of behavioral change, namely, the following:

(a) *Personal interaction with new service platform*(*s*). First and foremost, individuals and communities experienced the novelty of a service, which could contain elements (both material and immaterial) that made it substantially different compared to its alternatives. People were felt mocked, attracted, shocked, amused, entertained or even affronted, challenged, and disgusted by the new service experience. This had observable effects on subsequent behavior.
(b) *Individual and collective involvement in service codesign*. Citizens and stakeholders were strongly engaged in the service innovation process, through a user-driven open innovation ecosystem that unlocked their real needs, preferences, and aspirations and proposed to co-assemble solutions that looked very suitable for them. This infrastructure triggered participation in the cocreation of services, but also seemed to ignite a diffused, coherent, and sustained form of compliance in behavioral terms, for all those who had taken part in service codesign.
(c) *Individual and collective involvement in service coproduction*. In many cases, the service cocreated with the participatory methods and tools offered by PERIPHÈRIA was also a coproduced one. Namely, it required the active engagement of citizens and stakeholders – both as individuals and commu-

nities or social groups – to become effective and to be fully available to its expected beneficiaries. This had the power of reinforcing the compliance effect mentioned above, which was observable on those who took part in service coproduction.

(d) *Individual and collective involvement in service validation/evaluation*. All those services were born as experimental, as pilot platforms of some kind, requiring a period of time to be assessed – configured, installed, and populated with active end users – before reaching a stage of full maturity, thus allowing permanent deployment. The validation and verification – not to speak of evaluation – of those prototype platforms was an essential component of the participatory vision of PERIPHÈRIA. There were signals that after involving citizens and stakeholders in these activities, a permanent impact could be detected on individual and collective behaviors, again in terms of fuller compliance with the project's scope and the purposes that had driven its experimentations.

The missing link between collaboration (or participation) in service development and the resulting behavioral change has been identified in the process of *learning*.

Albert Bandura (1977), in his pathbreaking essay, stated that personal behavior is learned from the social environment through a process of observation of, and identification in, other "exemplary" human beings. More recently, Siemens (2005) proposed connectivism as an adjusted social learning theory integrating principles from chaos, network, complexity, and self-organization theories. The main sources of learning (defined therein as "actionable knowledge") reside outside us (e.g., within an organizational culture or database). Their effectiveness depends on our ability to retrieve and connect specialized information sets, including other people's advice, which do not belong to the learner's initial profile and range of contacts, but become relevant in the context of an informed decision-making process. This process is started and develops here and now, following sudden changes in the external environment, which impose our reaction. In this vision, the connections a person holds are more crucial to ensure learning than the knowledge assets one currently possesses.

Based on evidence from the PERIPHÈRIA project pilots, Concilio and Molinari (2014) argue that whenever new solution prototypes for "wicked" urban problems are cocreated with a strong contribution from citizens, the people involved in that process change their previous attitudes toward the common good. This is due to the production of relational capital, by the joint reflections and discussions on possible initiatives having a social nature and value for the community. As a result, people increase their civic awareness and become more effectively and permanently influenced in the direction of adapting/aligning their current and future behaviors to the emergent, shared vision of society.

Such virtuous learning does not only occur, however, within the boundaries of a well-identified group or organization. It is rather diffused among all the participants in the distribution of experimental tasks that shape the collective, place-based, action space (called "shared action arena" by Döös and Wilhelmson 2011).

How this takes place is the result of complex and concurrent dynamics of several distinct elements in an urban ecosystem. Indeed, the resulting solution takes on a socio-spatial nature, with a more distinct pattern than the outputs of individual or group creativity. This reinforces the perception that participation works better in smaller than bigger communities, while its impact at macro level is usually negligible, if any at all (Mansuri and Vijayendra 2013).

7.5 The Importance of "True Participation"

Service innovation strategies following the frugal and wise principles usually aim to engage all community stakeholders in order to find the best possible solution to "wicked" problems. Typically, this participatory process is not really scalable, or there is no easy way for it to reach higher aims (and figures of people involved in grassroots sessions) unless it is implemented at local level.

But what exactly do we mean by "participation"? The essence of it, quite often minimized or forgotten, is that a significant portion of civil society must be genuinely involved in shared decision-making with the representatives of public administration. These are the two necessary conditions for relational capital to be generated and, therefore, behavioral change induced. What actually happens is that either a small subset of civil society is mobilized or the kind of involvement has little to do with real co-decision-making (Skidmore et al. 2006). Loosening either condition overrules the transformational impact of user integration and therefore nullifies the benefits of the principal frugal government strategy.

Our proposal to solve this impasse starts from depicting participation as a "recurrent" game, engaging the local government (LG) and civil society (CS). Let us start by saying that the LG moves first. There would be two options at hand: seriously involving citizens in future decisions through an open and transparent process (Option 1) or acting in a ceremonial way, e.g., only promising and then not keeping to initial commitments (Option 2). In turn, CS could decide to attend the participatory process in an engaged and loyal way (Option 1), irrespective of what the LG does, or allow a very limited degree of engagement in operations, whatever they are (Option 2).

In the diagram in Fig. 7.7, we define the pairs (RLG_{ij}, RCS_{ij}) (i, j, = 1,2) as the rewards gained by each player in relation to the $2^2 = 4$ moves available.

In the case of CS, one could easily prove that $U(RCS_{21}) < U(RCS_{22})$ for any cardinal and monotonic utility function and that $U(RCS_{11}) > U(RCS_{12})$. Looking at the case of LG, it is also rather straightforward to show that $U(RLG_{21}) < U(RLG_{22})$ and that $U(RLG_{11}) > U(RLG_{12})$. Therefore, if the LG (who has moved first) plays fair, the fair play option is also preferable for CS. If on the other hand the LG decides to cheat, then the cheating option is the one preferred by CS. This, in our opinion, explains most of the failures of "top-down" participatory efforts that occurred in the past.

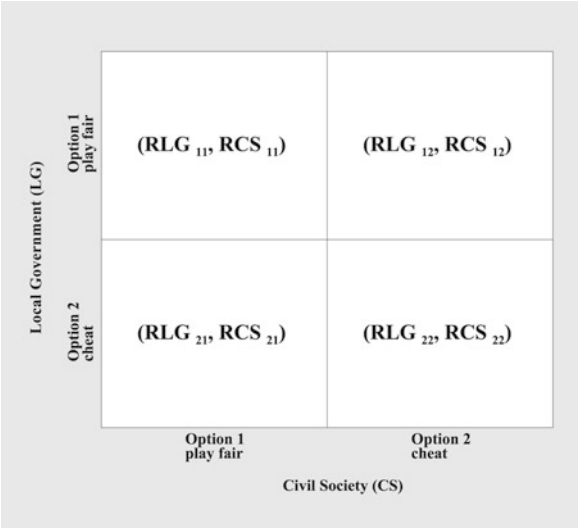

Fig. 7.7 The rewards of participation

In fact, how can the behavior of the LG be evaluated by CS before deciding how to react? Usually CS has no clue except the memory of past interactions with the LG. If it was cheating in the past, it could well be the case this time as well. Otherwise, the positive expectation would be reinforced. This is why we normally experience that, other things being equal, two consecutive rounds of a same game when the LG moves first could not finish with the two players acting in two different ways.

Now suppose that CS moves first. From the LG side, one can easily prove that $U(RLG_{11})<U(RLG_{21})$ and that $U(RLG_{12})<U(RLG_{22})$. In other words, irrespective of what CS is aiming to achieve, the cheating option is uniformly superior in the eyes of LG. From the perspective of CS, we should have $U(RCS_{11})>U(RCS_{21})$, while on the other hand $U(RCS_{12})<U(RCS_{22})$. In other words, the CS is running the risk while moving first, that the LG will cheat while CS plays fair, so that the result will be inconclusive.[1] Put differently, there is little chance for bottom-up participation to be taken seriously by an incumbent government, unless its set of priorities were radically changed – which is exactly what we mean when speaking about "introducing a culture of participation" in public administration.

Now let us change our previous example a little. This time, participation is no longer meant to "tie the government's hands" in assuming a specific decision that was jointly co-determined with the citizens or stakeholders. Now participation is somehow meant to "tie the citizens' hands" in forcing them to change their behavior in relation to a given issue or crucial standpoint, where the government's action alone could not be effective or decisive to the required extent. In this new example, the LG (contrary to the previous case) has little incentive to cheat, because it has

[1] We can figure that the case where the CS plays first and cheats would be rather unrealistic.

already experienced the necessity of a broader involvement of CS. So whenever the LG moves first, it would appear unrealistic that it decides to cheat as its primary option. Let us then look at what happens to the utility function of the CS. Would it still be the case that $U(RCS_{11})>U(RCS_{12})$, while also being that $U(RCS_{11})>U(RCS_{12})$, so that the "play fair" option would be the preferred one? That outcome is going to be somehow related to the intensity of efforts required to ensure compliance of CS in the postgame phase.

Even more interesting is the result we obtain if CS moves first. Again, it would be quite unrealistic to imagine that CS, while moving first, would also be making false promises (as that would rather go against the logic). So what if the LG disagreed on the direction proposed by CS with its first move? Only in that case, there would be an incentive to cheat – or fight against the proposed outcomes. We can then conclude that while $U(RCS_{11})>U(RCS_{21})$ with good certainty, the relation between $U(RLG_{11})$ and $U(RLG_{12})$ can be any, thus making the final equilibrium indeterminate.

The lessons learned from this exercise are threefold:

1. The only way CS could condition the outcomes of the game is by "punishing" the LG that would like to run a real participatory game after previous cheating behavior. Thus, there is no room for an alternate fair/unfair approach to participation in (especially local) governments.
2. It is extremely unlikely that the LG would make room for bottom-up participation unless already aligned in its "philosophical inspiration" to CS activism (in which case, "bottom-up" initiatives can simply be seen in continuity with "top-down" ones).
3. Even in the case the LG had interest in inducing some kind of behavioral change in the CS representatives, bottom-up participation may not be acceptable to it (or aligned with its specific or generic goals).

In order to overcome some of the problems above, let us take into consideration a variant of the above scenario, whereby the rules of the game are no longer preexisting to the players and impossible to modify. In fact, when we speak about codesign of public services between LG and CS, we somehow describe a situation in which it would be quite unlikely that any party did not find some rationale or justification for their participation in the jointly defined (if not negotiated) game.

Although this is hardly the case in real life, where either the LG or CS continues to move first in carrying forward experiments (or proofs of concept) for the new and innovative services they envisage, we can keep valid as a first approximation the case where both parties first agree on the rules of cocreation and then start acting accordingly.

By so doing, they somehow lift the veil of ignorance that characterized the previous game. Both parties mutually recognize each other, accept the identification of a new set of rules, and comply with them. This bears the important consequence that the rule of law must contribute to outlining the most appropriate pathways for user integration in the public service delivery process and value chain.

7.6 Conclusions and Way Forward

Nowadays governments around the world are reconsidering efficiency, effectiveness, and quality of service delivery under the pressure of fiscal restraints, social demands, and reputational factors. However, most of the emerging and existing community challenges have little possibility (if any at all) of being successfully tackled unless the engagement and proactivity of large masses of citizens is won. This makes both the tactics of doing "more with more" and "more with the same" budget largely inappropriate.

On the one hand, the provision of high-quality services in a uniform way and at virtually no cost for the beneficiary has proven unaffordable, even for the most affluent governments and societies. People do want more and what they ask for is differentiation and customization of services – which is impractical from any point of view.

On the other hand, the logic of downsizing in order to save resources only creates monsters, with most of the budget cuts located at operational, rather than infrastructural, level, which leaves the bureaucratic burden virtually untouched and makes fewer and fewer customers happy with a fast declining quality of service, despite the generous efforts of frontline staff.

A new way of thinking is required to successfully manage change, which is called wise and frugal government. It is frugal because it is parsimonious in the use of resources, not only financial but also particularly human, adopting the diligence of a good family man in finding, measuring, and distributing the necessary and available resources. It is wise because it aims to empower rather than prevent the activism of citizens in the direction of societal transformation, to minimize the cost and maximize the benefit of public service delivery, thanks to its value-centered and user-driven perspective.

This new way of thinking is nailed on a renewed attention on the potential of "true" participation, namely, large-scale collaboration between (local) governments and civil society, to promote the generation of relational capital and, through this, ignite individual and collective learning and behavioral change.

Although some early examples of managerial "cookbooks" have started to appear, new sets of rules, binding for both sides of the frugal government – active citizenship relation – are to be designed and developed, in order to meet the promises of societal transformation as required by local and global challenges.

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